Munisipaliteit
Municipality
Umasipala

MINUTES OF A MEETING OF THE SWARTLAND MUNICIPAL COUNCIL, HELD IN THE MALMESBURY BANQUETING HALL ON WEDNESDAY, 30 MAY 2018 AT 10:00

PRESENT:

Speaker, Cllr M Rangasamy
Executive Mayor, Ald T van Essen
Deputy Executive Mayor, Alw M S I Goliath

Bess, D G (DA)
Bekebu, Z (ANC)
Daniels, C (DA)
De Beer, J M (DA)
Fortuin, C B (DA)
Maart, E S M (DA)
McQuire, V D (DA)
Papers, C H (DA)
Penxa, B J (ANC)
Philander, D B (ANC)
Smit, N (DA)
Sneewe, A M (ANC)
Solomons, P E (DA)
Stanley, B J (DA)
Stemele, O M (DA)
Van der Westhuizen, R F (DA)
Van Zyl, M (DA)
Zatu, N S (ANC)

Officials:
Municipal Manager, Mr J J Scholtz
Director: Development Services, Mr J T Steenkamp
Director: Financial Services, Mr M A C Bolton
Director: Protection Services, Mr P A C Humphreys
Director: Electrical Engineering Services, Mr R du Toit
Director: Corporate Services, Ms M S Terblanche
Director: Civil Engineering Services, Mr L D Zikmann
Manager: Strategic Services, Mr L Fourie
IDP/LED Officer, Ms O Fransman
Manager: Secretariat and Record Services, Ms N Brand

EXCERPT FROM MINUTES:

7.2 *APPROVAL OF THE MULTI YEAR CAPITAL AND OPERATING BUDGETS FOR 2018/19; 2019/20 AND 2020/21, AMENDED BUDGET RELATED POLICIES, PROPERTY RATES, TARIFFS AND OTHER CHARGES* (5/1/1/1-2018/2019, 5/1/1/2-2018/2019 and 5/1/4)

The Executive Mayor, on request of the Speaker, tabled the item and highlighted aspects from the report. The principles according to the National Treasury's Budget Circular, Nr 91 are mentioned with specific reference to decrease of Swartland Municipality's Municipal Infrastructure Grand with R4 115 million over the MTREF which is more or less consistent with the reductions country wide as a direct result of the shortfall experienced in the national resource envelope.

The Executive Mayor also dealt with the comments received from Yzerfontein Resident's Association and proposed comments and actions arising. Specific mentioning is made to the implementation of level 5 water tariffs effective from 1 November 2017.

The Municipal Manager further clarified the matter and confirmed that an application was made in accordance with Section 170 of the Municipal Finance Management Act, 2003 to be exempted from Section 28(6) of said legislation. After collaboration with the Provincial Treasury and the Department of Local Government, as well as meetings with the Department of Disaster Management regarding the draught situation, it was suggested to

use an "umbrella approach" to include all affected municipalities in the application for exemption. In the exemption notice only the municipalities of Knysna, Bitou, Drakenstein, Saldanha and Cape Town are mentioned, and Swartland and Bergrivier were erroneously omitted. Swartland Municipality is in process of establishing the way forward, but it seems that the only remedy is to declare an intergovernmental dispute in order to force National and Provincial Government to engage with Swartland Municipality on this matter.

The Executive Mayor continued to explain the amendments to the budget since March 2018, as well as the recommendations to Council.

The Speaker allowed for councillors to respond to the Mayor's budget speech.

Cllr D B Philander, on behalf of the ANC, mentioned that the pace between the increase in tariffs and increase in salaries of the poorest of the poor is such that the community can no longer afford municipal services. The tariff increases will bring more hardship to our communities. As in the past, Cllr Philander emphasised that the 6kl free water is allocated to a household where many people must make a living.

Rdl Philander stated that trust has been lost in the Municipality due to the fact that input is provided that are only noted and no progress is made.

The Speaker requested, with reference to the salary adjustments, that the investigation be filtered down to the whole of the organisation to determine if officials are remunerated correctly.

Cllr O M Stemele, on behalf of the DA, commended the leadership on the balancing act to ensure the resilience of the budget against challenging economic circumstances in the country. Cllr Stemele confirmed that in order to keep on being sustainable it is important the cherish the Municipality's highly skilled management team and to be competitive, referring to the upper limits requirements, with the private sector in order to ensure a stable workforce.

The approval of the multi-year capital- and operational budgets for 2018/19; 2019/20 and 2020/21, amended budget related policies, levying of property tax, tariffs and other charges were put to the vote and decided (in the absence of two councillor) with sixteen votes (DA-councillors) in favour, and five votes (ANC-councillors) against.

RESOLUTION
(proposed by Ald T van Essen, seconded by Cllr O M Stemele)

(a) That the input received from the Yzerfontein Residence Association as dealt with by the Executive Mayor (refer to Annexure D) is noted by Council as allowed for in terms of Section 23 of the MFMA insofar that same relates to the 2018/2019 MTREF Budget;

(b) That the multi-year capital and operating budgets with respect to the 2018/19 – 2020/21 financial years be approved as final;

	Original Budget 2017/18	**Adjustment Budget 2017/18**	**Original Budget 2018/19**	**Original Budget 2019/20**	**Original Budget 2020/21**
Capital budget	R 81 242 586	R 110 073 122	R 87 245 909	R 97 544 038	R 123 974 860
Operating Expenditure	R 664 697 875	R 668 442 676	R 698 278 426	R 711 223 093	R 730 314 794
Operating Revenue	R 695 180694	R 741 252 229	R 746 205 036	R 792 475 517	R 831 670 644
Budgeted (Surplus)/ Deficit	(R 30 482 818)	(R 72 809 553)	(R 47 926 610)	(R 81 252 425)	(R 101 355 849)
Less Capital Grants	R 35 075 916	R 61 390 842	R 36 975 000	R 42 261 000	R 42 685 000
(Surplus)/ Deficit	(R 4 593 098)	(R 11 418 711)	(R 10 951 610)	(R 38 991 425)	(R 58 670 849)

Note: The 2019/20 and 2020/21 Revenue budgets include Provincial grant funding for which no expenditure projects have been finalized yet. (**2019/20** includes R23 780 million Dep Human Settlement funding and **2020/21** includes R24 800 million Dep Human Settlement funding)

(c) That council approves the property rates tariffs, tariff structures and charges for water, electricity, refuse removal, sewerage and other sundry charges as set out in **(Annexure A: 2018/19 – 2020/21 Final Budget and Tariff File)** as final;

(d) That the annual budget tables as required by the Budget and Reporting Regulations and as set out in **(Annexure B: Budget Report and A-Schedules 2018/19 – 2020/21),** be approved as final;

(e) That council approves the electricity tariffs for the 2018/19 financial year, bearing in mind that it is still subject to NERSA's final approval;

(f) That the amendments to the budget related policies as set out in **(Annexure C: Budget Related Policies 2018/19)**, be approved;

(g) That it be noted that the training budget has been limited to 0.83% of the salary budget in the amount of R1 731 293 for the financial year;

(h) That cognisance is taken and approval is granted for the following increases:

(i) In respect of all personnel, excluding the Municipal Manager and section 56-appointments, an increase of **7%** for 2018/19; **7%** for the 2019/20 and 2020/21 financial years, excluding the increase in other benefits that are applicable and the annual 2.5% notch increase. These events to date is notwithstanding the fact that the Municipality provided a mandate to SALGA at the mandate of 4 May 2018 to keep to headline inflation of around 5.3%;

(ii) In respect of the Municipal Manager 2.5% per the contract of employment or the higher per the determination of the upper limits should the aforementioned upper limit be higher than the package determined in the contract of employment;

(iii) In respect of the CFO 0% and the Director Civil Engineering Services (DC) limited to the Upper Limits Dispensation currently at 5.3% as per the draft Upper Limit Notice;

(iv) That the Municipal Manager be mandated to attend to the formalities in respect of the process of applying for a waiver for the CFO and DC to COGTA;

(v) In respect of the other four section 56-appointments, namely the Director: Protection Services (DPS), Director: Development Services (DDS), Director: Electrical Engineering Services (DES) and the Director: Corporate Services (DCS) an increase of 7% be approved effective from 1 July 2018 and that the compensation of the latter (which was not appointed under the upper limit dispensation) be adjusted equal to that of the first three directors backdated from 1 July 2017;

(vi) That cognisance is taken and approval is granted that the service contract of the DPS, DDS, DES and DCS be amended with the consent of the incumbents – by means of an addendum – to replace the determination that annual salary adjustments be determine by a professional remuneration consultant (*Work Dynamics*) with the determination that annual salary increases will be equal to the rest of the staff as determine on Bargaining Council level;

(vii) That cognisance is taken that one of the contributing factors to the successes of Swartland Municipality is the fact that Swartland Municipality did not implement performance bonuses, which system had the following advantages, namely –

- innovative goals, indicators and targets;

- putting in place the correct controls;
- expanding the performance system to all middle management officials;
- taking the municipality from a good municipality to an excellent municipality and that the incumbents – as with the rest of personnel – received a 13th cheque or 8%;

(viii) That cognisance is taken that the Upper-Limit Notice acknowledges and allows for the payment of performance bonuses, as much as 14%, and that approval is granted – due to the upper limit dispensation that leads to unequal an remuneration dispensation– the staff affected being the Director: Financial Services, the Director: Civil Engineering Services and the Municipal Manager, receive the same 13th cheque dispensation (limited to 8.33% - similar to pre 2014 appointments) instead of a performance bonus system, subject to the Municipal Manager obtaining legal advice regarding the implementation thereof;

(ix) Provision has been made for a **6%** increase for political office bearers which are within the upper band of the inflation targets set by the South African Reserve Bank (SARB);

(i) That the discount to disabled persons and senior citizens as defined in the Property Rates Policy, be limited to a maximum of R300 000 for the 2019/20 financial year;

(j) That council grants approval and take note of the taking over of the water assets from the District based on a functional split (value of assets currently being finalised) and external borrowings by the District linked to the aforementioned assets to value of around R24 400 million which loans have settlement dates from 30-06-2020 to 31-12-2022 and that the interest portions are factored into the final budget over the MTREF with no impact on water tariffs or charges within or beyond the MTREF as same was and is currently included in Swartland Municipality's bulk water charges from the WCDM and will not form part of same with effect from 1 July 2018 and that same form part of the public participation process notwithstanding the fact that no new loans will be taken-up for the transfer of these assets;

(k) That Council takes note of the budgeted operating surpluses, the efforts to limit total expenditure growth to only **4.5%** (including operating grant expenditure) from the current to the new financial year, growth in revenue of only **0.7%** (**4.3%** excluding capital grants) in these hard economic times for the same period as well as the cash flow statement for the current as well as the next three financial years and more specifically the progress made in this regard;

- the risk factor for cash coverage for operating expenses is **7.4 months** for 2018/19, **7.8 months** for 2019/20 and **7.9 months** for 2020/21;

- over the next three financial years the planning is such that the following operating surpluses are envisaged, 2018/19 an amount of **R47 926 610**, 2019/20 an amount of **R81 252 425** and 2020/2021 an amount of **R101 355 849 (inclusive of capital grant income)**;

(l) That the Director: Financial Services adhere to the requirements of the Budget Circulars and Budget Reforms in the context of the reporting requirements to Provincial and National Treasury;

(m) That Council takes note that the budget was also prepared in the new mSCOA Version 6.2 as required by National Treasury (more detail in the Budget Report).

SIGNED:
SPEAKER